

Message Text

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E.O. 11652: NA

TAGS: ASCH EG

SUBJECT: AUC PROTOCOL WITH GOE

REF: A. STATE 296443; B. CAIRO 11658

1. INCLUSION OF TAX OBVIATION PROVISION IN AUC PROTOCOL WAS FIRST REPORTED IN CAIRO 11597. PRIOR TO SUBMISSION OF DRAFT PROTOCOL TO APPROPRIATE GOE AUTHORITIES, AUC PRESIDENT BYRD DISCUSSED SUBJECT WITH ME AND, ALLUDING TO FACULTY (ESPECIALLY EGYPTIAN) PRESSURE TO TRY OBTAIN TAX OBVIATION, INQUIRED ABOUT MY VIEW. I TOLD HIM I THOUGH GOE WOULD NOT AGREE, BUT SAW NO HARM IN TRYING TO NEGOTIATE SUCH A PROVISION. BYRD THEREUPON DID SO AND THE AUC PROTOCOL, WITH SUCH A PROVISION INCLUDED, WAS EVENTUALLY SIGNED BY DEPUTY PRIMEMIN/MIN HIGHER EDUCATION HAFEZ GHANEM SUBJECT TO GOE RATIFICATION. AT THE TIME GHANEM APPARENTLY EXPRESSED NO OBJECTION TO THE PROVISIO.

2. SUBSEQUENTLY, AS REPORTED REF B, GHANEM SEEMS TO HAVE HAD SOME SECOND THOUGHTS ABOUT IT. APART FROM COMPLICATING GOE RATIFICATION PROCESS, HE TOLD ME THAT PEOPLES ASSEMBLY WOULD NEVER PERMIT TAX OBVIATION PROVISION TO APPLY TO EGYPTIANS. WHEN I ASKED WHY GHANEM HAD NOT SO INDICATED TO BYRD DURING PERTINENT NEGOTIATIONS, HE STATED SOMEWHAT LAMELY THAT HE HAD NOT WANTED "TO MAKE TROUBLE".

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3. I TOLD BYRD ABOUT GHANEM'S OBSERVATIONS. BYRD

INDICATED THAT TAX OBVIATION PROVISION WAS INCLUDED MAINLY FOR THE BENEFIT OF EGYPTIAN, NOT AMERICAN, EMPLOYEES. IF EGYPTIAN ARE TO BE EXCLUDED, THEN HE FELT THE BEST THING IS TO DROP THE TAX OBVIATION PROVISION. WE AGREED, HOWEVER, THAT BEFORE TAKING THE STEP OF DROPPING THAT PROVISION, HE OUGHT TO GIVE THE EGYPTIAN AUTHORITIES ANOTHER OPPORTUNITY TO RAISE THE SUBJECT WITH HIM. TO THE BEST OF MY KNOWLEDGE, THEY HAVE NOT YET DONE SO, BUT BYRD HAS BEEN AWAY FOR SEVERAL WEEKS.

4. I HAVE NOT DISCUSSED THE SUBJECT FURTHER WITH GHANEM, SINCE I AM STILL AWAITING A REPLY TO REF B. MY RECOMMENDATION TO AUC BOARD WOULD BE TO GIVE BYRD DISCRETION TO KEEP OR DROP THE PROVISION DEPENDING UPON A FURTHER DISCUSSION WITH GHANEM. IF THE PROVISION WERE DROPPED, GHANEM TELLS ME THE PROTOCOL COULD BE APPROVED THROUGH A SIMPLE PRESIDENTIAL DECREE WITHOUT SUBMISSION TO THE PEOPLES ASSEMBLY. LATTER IS A CUMBERSOME PROCESS ALWAYS FRAUGHT WITH UNCERTAINTIES.
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